

BANKRUPTCY COURT  
FILED

FEB 24

ORIGINAL

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10 Inc., Debtor and Debtor-in-Possession

11 UNITED STATES BANKRUPTCY COURT  
12 CENTRAL DISTRICT OF CALIFORNIA  
13 SANTA ANA DIVISION

ENTERED

FEB 24 2003

14 In re

15 STM WIRELESS, INC., a  
16 Delaware corporation,  
17 Debtor and Debtor-in-  
18 Possession.

CASE NO. SA-03-11289-JR

Chapter 11 Proceedings

INTERIM ORDER (1) APPROVING POST-  
PETITION FINANCING AGREEMENT BY  
AND BETWEEN THE DEBTOR AND SLOAN  
CAPITAL; (2) AUTHORIZING DEBTOR TO  
INCUR DEBT PURSUANT TO 11 U.S.C.  
§ 364(c)(3); (3) AUTHORIZING THE  
DEBTOR TO GRANT SLOAN CAPITAL A  
FIRST PRIORITY LIEN AGAINST ALL  
ESTATE PROPERTY TO SECURE POST-  
PETITION FINANCING; AND  
(4) SCHEDULING A FINAL HEARING ON  
THE MOTION REGARDING FINANCING

[11 U.S.C. § 364(c); F.R.B.P.  
4001(c)]

Date: February 24, 2003  
Time: 10:00 a.m.  
Courtroom: 5A

19  
20  
21  
22  
23 Upon the Emergency Motion (the "Motion") of STM Wireless,  
24 Inc., a Delaware corporation, the debtor and debtor-in-possession  
25 in the above-entitled chapter 11 proceeding (the "Debtor" or  
26 "STM") seeking entry of an order (this "Order"):

- 27 1. Authorizing STM to borrow the sum of \$400,000 (the  
28

1 "Loan") from Sloan Capital Partners, LLC ("Sloan") on the terms  
2 and conditions described in the commitment letter attached to the  
3 Declaration of Joseph Wallace ("Wallace Declaration") as Exhibit  
4 1 and as fully set forth in the Secured Promissory Note,  
5 Intellectual Property Security Agreement, Deed of Trust with  
6 Assignment of Rents and UCC-1 Financing Statement (collectively,  
7 the "Loan Documents") submitted to the Court at the time of the  
8 hearing, all pursuant to 11 U.S.C. § 364(d)(1);

9 2. Approving the Loan Documents between STM and  
10 Sloan;

11 3. Authorizing STM to grant Sloan a first-priority  
12 lien against all estate property to secure repayment of the funds  
13 advanced under the terms of the Loan Documents;

14 4. Setting the date for the hearing (the "Final  
15 Hearing") to consider the entry of a final order (the "Final  
16 Order") authorizing and approving, on a final basis, the  
17 transactions described in the foregoing clauses 1 through 3;  
18 and it appearing that the relief requested in the Motion is  
19 necessary to provide the Debtor with sufficient capital to  
20 continue operations and preserve the going concern value of its  
21 business; it further appearing that notice of the Motion is  
22 sufficient and complies with the requirements of Bankruptcy  
23 Rules 4001(b), 4001(c) and 4001(d); and for good cause shown;

24 **THE COURT HEREBY FINDS THAT:**

25 A. On February 20, 2003, (the "Petition Date"), the Debtor  
26 commenced the instant chapter 11 case by filing a voluntary  
27 petition for relief under chapter 11 of the United States  
28 Bankruptcy Code in the United States Bankruptcy Court for the

1 Central District of California, Santa Ana Division (the "Court").

2 B. The Debtor has continued in the management and  
3 operations of its business as debtor-in-possession pursuant to  
4 §§ 1107 and 1108 of the Bankruptcy Code. No trustee or examiner  
5 has been appointed in the Debtor's bankruptcy case, and no  
6 official committee of unsecured creditors has been formed as of  
7 the date hereof.

8 C. This Court has jurisdiction pursuant to 28 U.S.C.  
9 §§ 158(b) and 1334 over the Debtor's bankruptcy case, and over  
10 the persons and property affected hereby. Consideration of the  
11 Debtor's Motion constitutes a core proceeding as defined in 28  
12 U.S.C. § 157(b)(2). The statutory predicates for the relief  
13 sought by the Motion are sections 105, 361 and 364 of the  
14 Bankruptcy Code and Rule 4001(b)(1), 4001(c) and 4001(d) of the  
15 Federal Rules of Bankruptcy Procedure. Venue of the Debtor's  
16 bankruptcy case in this Court is proper pursuant to 28 U.S.C.  
17 §§ 1408 and 1409.

18 D. An immediate need exists for the Debtor to obtain funds  
19 and financial accommodations with which to continue its  
20 operations, meet its payroll and other necessary, ordinary course  
21 of business expenses, acquire goods and services and administer  
22 and preserve the value of the Debtor's bankruptcy estate. The  
23 ability of the Debtor to finance its operations requires the  
24 availability of additional working capital, the absence of which  
25 would immediately and irreparably harm the Debtor, its estate,  
26 and its creditors.

27 E. The Debtor is unable to obtain unsecured credit and  
28 allow<sup>ed</sup> only as an administrative expense pursuant to

1 section 503(b)(1) of the Bankruptcy Code.

2 F. The Debtor is also unable to obtain secured credit  
3 allowable under sections 364(c)(1) <sup>and</sup> 364(c)(2) ~~and 364(c)(3)~~ of  
4 the Bankruptcy Code except under the terms and conditions  
5 provided in the Loan Documents and this Order. The Debtor is  
6 unable to obtain credit for borrowed money without the Debtor  
7 granting to Sloan liens on all assets of the Debtor pursuant to  
8 sections ~~364(c)(2) and~~ 364(c)(3) of the Bankruptcy Code as  
9 provided by this Order.

10 G. The ability of the Debtor to finance its operations and  
11 the availability of sufficient working capital through the  
12 incurrence of indebtedness for borrowed money and other financial  
13 accommodations is vital to the Debtor's ability to preserve and  
14 maintain its going concern value.

15 H. The relief requested in the Debtor's Motion is  
16 necessary, essential and appropriate for the continued operation  
17 of the Debtor's businesses and the preservation of its estate.

18 I. It is in the best interests of the Debtor and its  
19 estate to borrow the funds contemplated by the Loan Documents  
20 between the Debtor and Sloan.

21 J. The terms and conditions of the Loan Documents, as  
22 described in the term sheet attached to the Wallace Declaration  
23 as Exhibit 1 and the Loan Documents presented to the Court at the  
24 time of the hearing on the Debtor's Motion, including those which  
25 provide for the payment of interest to and fees of Sloan, are  
26 fair, reasonable and the best available under the circumstances.

27 K. The loan documents were negotiated in good faith and at  
28 arms-length between the Debtor on the one hand and Sloan on the

1 other hand. Credit to be extended pursuant to the loan documents  
2 will be so extended in good faith, and consequence of which Sloan  
3 is entitled to the protection and benefits of section 364(e) of  
4 the Bankruptcy Code, notwithstanding the *disputed relationship between plaintiff and Sloan*  
*and management of the Debtor.*

5 L. As set forth in the Debtor's Motion, prior to the  
6 Debtor's bankruptcy filing, the Debtor's business operations have  
7 been financed by a line of credit by CIT Financial ("CIT"). The  
8 current balance owed under the terms of the line of credit with  
9 CIT is <sup>approximately</sup> \$1,600,000 (the "CIT Obligation"). ~~Pursuant to section~~  
10 ~~364(d) of the Bankruptcy Code, the interests of CIT as the holder~~  
11 ~~of an existing lien will be adequately protected by (a)~~  
12 ~~maintenance and preservation of the Debtor's business and (b) a~~  
13 ~~substantial equity cushion.~~

14 M. In addition to the CIT Obligation, the Debtor also has a  
15 contingent liability to for a bid bond in the <sup>approximate</sup> amount of \$50,000  
16 and to CIT for a performance bond (in the form of a bank  
17 guaranty) in the <sup>approximate</sup> amount of \$846,000, both of which are issued in  
18 favor of Nepal Telecommunications Corporation (the "Bonds").  
19 ~~Again, pursuant to Section 364(d) of the Bankruptcy Code, the~~  
20 ~~interests of CIT as the holder of a contingent secured claim will~~  
21 ~~be adequately protected by (a) maintenance and preservation of~~  
22 ~~the Debtor's business and (b) a substantial equity cushion.~~

23 N. Notice of the hearing (the "Interim Hearing") and the  
24 relief requested in the Debtor's Motion was given to (1) the  
25 United States Trustee for the Central District of California (the  
26 "U.S. Trustee"); (2) the CIT Group/Business Credit, Inc., secured  
27 creditor; (3) the twenty largest unsecured creditors; (4) <sup>by + report</sup> ~~KiCom~~  
28 <sup>Bank of the United States</sup> ~~Technology~~, guarantor of CIT obligation (collectively,

1 the "Initial Notice Parties"). Such notice constitutes good and  
2 sufficient notice of the Interim Hearing under the circumstances  
3 in accordance with Bankruptcy Rules 4001(b), 4001(c) and 4001(d)  
4 and section 102(1) of the Bankruptcy Code, as required by  
5 sections 363(c), 363(e) and 364(c) of the Bankruptcy Code, in  
6 light of the emergency nature of the relief requested in the  
7 Debtor's Motion.

8 O. Good and sufficient cause has been shown for the entry  
9 of this Order. Among other things, the entry of this Order:  
10 (i) will enable the Debtor to continue the operation of its  
11 business and avoid immediate and irreparable harm to the Debtor's  
12 estate; (ii) will permit the Debtor to meet payroll ~~and other~~  
13 ~~operating~~ expenses; (iii) will permit the Debtor ~~to obtain needed~~  
14 ~~supplies and~~ to pay employees, and (iv) is in the best interest  
15 of the Debtor, its creditors and its estate. The financing  
16 arrangement authorized hereunder is vital to avoid immediate and  
17 irreparable harm to the Debtor's estate. Consummation of such  
18 financing is therefore in the best interest of the Debtor's  
19 estate.

20 NOW, THEREFORE, based upon the Debtor's Motion and the  
21 record before the Court with respect to the Debtor's Motion at  
22 the Interim Hearing, and good cause appearing,

23 **IT IS HEREBY ORDERED THAT:**

24 **APPROVAL OF AN AUTHORIZATION AS TO BORROWING AND GRANTING A FIRST**  
25 **PRIORITY SENIOR LIEN**

26 1. The Debtor is authorized to (a) borrow up to the  
27 sum of \$<sup>2</sup>400,000 from Sloan Capital Partners, LLC; (b) execute and  
28 deliver to Sloan each of the Loan Documents, ~~full and complete~~

1 ~~copies of which are attached hereto as Exhibit A, to which the~~

2 ~~Debtor is a party;~~ and (c) make any nonrefundable payments to

3 Sloan of the fees provided for in the Loan Documents. *See*

4 2. The Debtor is hereby authorized and empowered to

5 do and perform all acts and to make, execute and deliver all

6 instruments and documents which may be required or necessary for

7 the performance by the Debtor under the Loan Documents and the

8 creation and perfection of the Liens described in and provided

9 for by the Loan Documents. Except as expressly provided for in

10 this paragraph 2, no further approval of the Court shall be

11 required for amendments to the Loan Documents that do not shorten

12 the maturity of the extension of credit thereunder or increase

13 the commitments or the rate of interest payable thereunder. The

14 Debtor shall provide five (5) business days' prior written notice

15 of any amendment entered into pursuant to this paragraph 2 to

16 each secured creditor and statutory committee that may be

17 appointed in the Debtor's bankruptcy case.

18 3. The Debtor is hereby authorized to grant to Sloan

19 and Sloan is hereby granted pursuant to sections ~~364(c)(2) and~~

20 364(c)(3) of the Bankruptcy Code, a valid, binding, enforceable

21 and perfected security interest in and Liens upon all collateral

22 (the "Collateral") to be provided pursuant to the Loan Documents

23 to secure all of the Obligations under the Loan Documents,

24 including, without limitation:

25 (a) all accounts (including health-care-insurance

26 receivables), chattel paper (including tangible and electronic

27 chattel paper), deposit accounts, documents (including negotiable

28 documents), equipment (including all accessions and additions

1 thereto), general intangibles (including but not limited to,  
2 payment intangibles, software, trade secrets, goodwill, customer  
3 lists, catalogs and other printed materials, publications,  
4 indexes, lists, data and other documents and papers relating  
5 thereto, blueprints, designs, charts, and research and  
6 development, whether on paper, recorded electronically or  
7 otherwise), goods (including fixtures), instruments (including  
8 promissory notes), inventory (including all goods held for sale  
9 or lease or to be furnished under a contract of service, and  
10 including returns and repossessions), investment property  
11 (including securities and securities entitlements), cash, cash  
12 equivalents, letter of credit rights, money, and all of Debtor's  
13 books and records with respect to any of the foregoing, and any  
14 computers and equipment containing said books and records;  
15 (b) all common law and statutory copyrights and copyright  
16 registrations, applications for registration, now existing or  
17 hereafter arising, in the United States of America or in any  
18 foreign jurisdiction, obtained or to be obtained on or in  
19 connection with any of the foregoing, or any parts thereof or any  
20 underlying or component elements of any of the foregoing, together  
21 with the right to copyright and all rights to renew or extend  
22 such copyrights and the right (but not the obligation) of Secured  
23 Party to sue in its own name and/or in the name of the Debtor for  
24 past, present and future infringements of copyright and all  
25 exclusive and non-exclusive licenses to the Debtor from third  
26 parties or rights to use copyrights owned by such third parties,  
27 including, without limitation the registrations, applications and  
28 licenses listed on Exhibit B to the Note (the "Copyrights"),



1 except to the extent such licenses or applicable law prohibits  
2 any transfer or assignment thereof;

3 (c) all trademarks, service marks, trade names and service  
4 names and the goodwill associated therewith, together with the  
5 right to trademark and all rights to renew or extend such  
6 trademarks and the right (but not the obligation) of Secured  
7 Party to sue in its own name and/or in the name of the Debtor for  
8 past, present and future infringements of trademark and all  
9 exclusive and non-exclusive licenses to the Debtor from third  
10 parties of the right to use trademarks of such third parties,  
11 including without limitation, the registrations, applicable  
12 unregistered trademarks, service marks and licenses listed on  
13 Exhibit B to the Note (the "Trademarks"), except to the extent  
14 such licenses or applicable law prohibits any transfer or  
15 assignment thereof;

16 (d) all (i) patents and patent applications filed in the  
17 United States Patent and Trademark Office or any similar office  
18 of any foreign jurisdiction, and interests under patent license  
19 agreements, including, without limitation, the inventions and  
20 improvements described and claimed therein, (ii) licenses  
21 pertaining to any patent whether Debtor is licensor or licensee,  
22 (iii) income, royalties, damages, payments, accounts and accounts  
23 receivable now or hereafter due and/or payable under and with  
24 respect thereto, including, without limitation, damages and  
25 payments for past, present or future infringements thereof, (iv)  
26 right (but not the obligation) to sue in the name of Debtor  
27 and/or in the name of Secured Party for past, present and future  
28 infringements thereof, (v) rights corresponding thereto

1 throughout the world in all jurisdictions in which such patents  
2 have been issued or applied for, and (vi) reissues, divisions,  
3 continuations, renewals, extensions and continuations-in-part  
4 with respect to any of the foregoing and all patents, patent  
5 applications and licenses on Exhibit B to the Note (the  
6 "Patents");

7 (e) the entire goodwill of the Debtor's business and other  
8 general intangibles (including but not limited to, know how,  
9 trade secrets, customer lists, proprietary information,  
10 inventions, domain names, methods, procedures, formulas and  
11 databases) connected with the use of and symbolized by any  
12 Patents, Trademark, or Copyrights of the Debtor;

13 (f) any and all cash proceeds and/or noncash proceeds of  
14 any of the foregoing, including, without limitation, insurance  
15 proceeds, and all supporting obligations and the security  
16 therefor or for any right to payment. All terms above have the  
17 meanings given to them in the California Uniform Commercial Code,  
18 as amended or supplemented from time to time; and

19 (g) those certain lawsuits wherein Debtor is a party  
20 including, but not limited to, the following:

21 (i) Astronic vs. STM Wireless vs. Excello, bearing  
22 case number 02CC05286 and pending in the Superior Court of  
23 California;

24 (ii) STM Wireless vs. SkyOnline, Inc., bearing case  
25 number 13810005903 and pending in the AAA Northeast Case  
26 Management Center; and

27 (iii) STM Wireless vs. Gilat, bearing case number  
28 01CC13531 and pending in the Orange County Superior Court;

(h) all of the Debtor's real ~~property~~ *personal property*.

1           4. Notwithstanding the foregoing, the Collateral  
2 shall not include the Debtor's claims and causes of action under  
3 sections 502(d), 544, 545, 547, 548, 549, 550 or 551 of the  
4 Bankruptcy Code, or any avoidance action under the Bankruptcy  
5 Code (collectively, the "Avoidance Actions") and any proceeds of  
6 the Avoidance Actions. Sloan reserves its right to assert at the  
7 Final Hearing that the Final Order should provide that the  
8 Collateral shall include the proceeds of the Avoidance Actions.

9           5. The Liens created and granted to Sloan, as  
10 provided in paragraph 3 above, are (a) ~~first-priority~~ Liens  
11 created pursuant to section 364(c) <sup>3</sup> (X) of the Bankruptcy Code on  
12 all property of the Debtor's estate that on the Petition Date was  
13 not subject to valid and perfected liens on the Petition Date ~~and~~  
14 ~~(b) Liens created pursuant to sections 364(c) (3) of the~~  
15 ~~Bankruptcy Code on all property of the Debtor's estate that on~~  
16 ~~the Petition Date was subject to a valid and perfected lien or~~  
17 ~~become subject to a valid lien perfected (but not granted) after~~  
18 ~~the Petition Date to the extent such post-Petition Date~~  
19 ~~perfection in respect of pre-petition claims is expressly~~  
20 ~~permitted under the Bankruptcy Code (the "Permitted Prior~~  
21 ~~Liens").~~ In addition the Liens granted to Sloan are senior to  
22 any liens arising after the Petition Date (including, without  
23 limitation, any liens or security interests granted in favor of  
24 any federal, state, municipal or other governmental unit,  
25 commission, board or court for any liability of the Debtor).

26           6. The automatic stay imposed under section 362(a)(4)  
27 of the Bankruptcy Code is hereby lifted only to permit the Debtor  
28 to grant the Liens and to perform the Debtor's liabilities and

1 obligations to Sloan under the Loan Documents.

2           7. All payments applied to the Obligations under the  
3 Loan Documents shall be applied thereto in the manner set forth  
4 in the Loan Documents.

5           8. Immediately (a) this Order shall be sufficient and  
6 conclusive evidence that the validity, perfection, and priority  
7 of (i) the Sloan's Liens upon the Collateral to secure all  
8 Obligations without necessity of filing or recording any  
9 financing statement, mortgage or other instrument or document  
10 which may otherwise be required under the law of any jurisdiction  
11 or the taking of any other action to validate or perfect the  
12 Liens of Sloan upon the Collateral or to entitle Sloan to the  
13 priority granted herein (including, in respect of cash, any  
14 requirement that Sloan have possession of or dominion and control  
15 over, any such cash in order to perfect an interest therein);  
16 provided that the Debtor may execute and Sloan may file or record  
17 financing statements, mortgages or other instruments to evidence  
18 and to perfect the Liens authorized hereby; and provided further  
19 that no such filing or recordation shall be necessary or required  
20 in order to create or perfect any such Liens; and (b) the Debtor  
21 (i) hereby is authorized and directed to pay all reasonable  
22 costs, fees and out of pocket expenses of Sloan, including  
23 reasonable costs, fees and expenses incurred in connection with  
24 the negotiation, documentation and administration of the Loan  
25 Documents in the matters set forth in this Order and all other  
26 matters arising in or in connection with the Debtor's bankruptcy  
27 case, and all reasonable attorneys' fees and expenses incurred by  
28 Sloan in connection therewith, and (ii) shall promptly reimburse

1 Sloan for such other reasonable costs and expenses provided for  
2 in section 13 and 14 of the Secured Promissory Note. Such fees  
3 and expenses may be deducted by Sloan out of the proceeds of the  
4 amounts to be advanced to the Debtor as provided under the Loan  
5 Documents. Sloan shall provide copies of any invoices in respect  
6 of any such costs and expenses to the Debtor and each statutory  
7 committee appointed in the Debtor's bankruptcy case, but none of  
8 such costs and expenses shall be subject to the approval of the  
9 Court, and no recipient of any such payment shall be required to  
10 file with respect thereto any interim or final fee application  
11 with this Court.

12 9. Each officer of the Debtor as may be so authorized  
13 by the Board of Directors, acting singly, is hereby authorized to  
14 execute and deliver each of the Loan Documents, such execution  
15 and delivery to be conclusive of their respective authority to  
16 act in the name of and on behalf of the Debtor.

17 10. Sloan may file a ~~xerographic~~ copy of this Order as  
18 a mortgage, financing statement or similar perfection document  
19 with any recording officer designated to file financing  
20 statements or with any registry of deeds or similar office in any  
21 jurisdiction in which the Debtor has real or personal property.

22 11. The Loan Documents and each of the loan documents  
23 respectively, shall constitute an evidence the valid and binding  
24 Obligations of the Debtor, which Obligations shall be enforceable  
25 against the Debtor in accordance with the term and the terms of  
26 this Order.

27 12. Interest on the Obligations under the Loan  
28 Documents shall accrue at the rates (including applicable default

1 rates) and shall be paid at the times as provided in the Loan  
2 Documents. All Obligations under the Loan Documents shall become  
3 due and payable, without notice or demand, on the Maturity Date  
4 (as defined in the Secured Promissory Note).

5 13. No costs or expenses of administration, including,  
6 without limitation, professional fees allowed and payable under  
7 sections 330 and 331 of the Bankruptcy Code that have been or may  
8 be incurred in the Debtor's bankruptcy case, and no priority  
9 claims to the Collateral are, or will be, prior to or on a parity  
10 with the Obligations under the Loan Documents.

11 *u* 14. <sup>Except to the extent of \$25,000</sup> The Debtor agrees that no cost or expense which is  
12 incurred by the Debtor in connection with or on account of the  
13 preservation or disposition of any Collateral or which otherwise  
14 would be chargeable to Sloan or the Collateral pursuant to  
15 section 506(c) of the Bankruptcy code or otherwise, shall be  
16 chargeable to Sloan or the Collateral.

17 15. All Obligations of the Debtor to Sloan under the  
18 loan documents are due and payable, without notice and demand,  
19 upon the Maturity Date (as defined in the Secured Promissory  
20 Note). Unless and until the Obligations under the Loan Documents  
21 are unconditionally and indefeasibly repaid in full in cash (a)  
22 the protections afforded to Sloan under the Loan Documents and  
23 hereunder, and any actions taken pursuant thereto and hereto,  
24 shall survive the entry of any order confirming a plan of  
25 reorganization, converting the Debtor's bankruptcy case into a  
26 case pursuant to chapter 7 of the Bankruptcy Code or dismissing  
27 the Debtor's bankruptcy case, (b) the Liens of Sloan upon the  
28 Collateral shall continue in this case and in any such successor

1 case, and (c) such Liens of Sloan shall maintain their priority  
2 as provided by this Order until the Obligations (other than  
3 contingent indemnification obligations) under the Loan Documents  
4 have been repaid indefeasibly in full in cash.

5 16. The time and manner of payment of the Obligations  
6 pursuant to the Loan Documents, the Liens upon the Collateral  
7 shall not be altered or impaired by any plan of reorganization  
8 which hereafter may be confirmed or by any further order which  
9 hereafter may be entered without the consent of Sloan.

10 REMEDIES UPON AN EVENT OF DEFAULT

11 17. Upon the occurrence of an Event of Default, as is  
12 defined in the loan documents, and at any time thereafter during  
13 the continuance thereof, Sloan shall be entitled to exercise its  
14 rights and remedies as set forth in more detail in Exhibit "B."

15 18. Nothing included herein shall prejudice, impair,  
16 or otherwise affect the rights of Sloan to seek any other or  
17 supplemental relief in respect of the Debtor consistent with and  
18 subject to the provisions of this Order, including Sloan's  
19 rights, as provided in the Loan Documents, after the occurrence  
20 of during the continuance of an Event of Default, to seek to  
21 limit the Debtor's use of cash collateral, or to suspend or  
22 terminate the making of advances under the Loan Documents.

23 ~~NOTICE OF FINAL HEARING~~

24 ~~19. Following entry of this Order, the Debtor shall,~~  
25 ~~on or before February \_\_, 2003, provide notice of the Motion,~~  
26 ~~this Order and the Final Hearing by telecopy, overnight delivery~~  
27 ~~service, hand delivery or U.S. mail to each of the Initial Notice~~  
28 ~~Parties and, without duplication, to (i) the Debtor's twenty~~

1 ~~largest unsecured creditors, (ii) if practicable, the applicable~~  
2 state and local taxing authorities, (iii) parties who have filed  
3 a request for special notice prior to such date, and (iv) other  
4 secured parties as shown on any UCC searches conducted by the  
5 Debtor. Such notice shall constitute good and sufficient notice  
6 of the Final Hearing. The notice of the Final Hearing shall  
7 state that any party in interest objecting to the Loan Documents  
8 or the terms of the Final Order shall file written objections  
9 with the United States Bankruptcy Court Clerk for the Central  
10 District of California, Santa Ana Division, no later than  
11 \_\_\_\_\_, 2003, which objections shall be served  
12 so that same are received by no later than 4:00 p.m. (prevailing  
13 Pacific Standard Time) on such date by: (a) Marc Winthrop,  
14 Winthrop Couchot, 660 Newport Center Drive, Fourth Floor, Newport  
15 Beach, California 92660, (b) Jeffery A. Davis, Gray Cary Ware &  
16 Freidenrich LLP, 4365 Executive Drive, Suite 1100, San Diego, CA  
17 92121-2133, (c) the Office of the United States Trustee and  
18 (d) attorneys for any statutory committee appointed in the  
19 Debtor's bankruptcy case.

20 20. The Final Hearing to consider the Motion and Final  
21 Order shall be held on \_\_\_\_\_, 2003 at \_\_\_\_:\_\_\_\_.m. at  
22 United States Bankruptcy Court, 411 West Fourth Street, Santa Ana  
23 CA 92701-4593, Courtroom 5A, before the Honorable John E. Ryan,  
24 ~~United States Bankruptcy Judge~~



EXHIBIT "B"

Upon the occurrence of an Event of Default, as defined in the loan documents,  
Sloan shall notify the Debtor, the Debtor's counsel, <sup>(its counsel)</sup> and the Office of the United  
States Trustee (collectively, the "Noticed Parties") of such Event of Default in  
writing via facsimile, personal delivery, and/or overnight mail during normal  
business hours ("Notice"). <sup>upon the occurrence of an</sup> ~~If the Event of Default is not cured within~~ ~~( )~~  
~~business days from the date from which said Notice is received by facsimile~~  
~~and/or personal delivery ("Cure Period"), then on the~~ ~~th~~ ~~( )th~~ business  
~~day following the Notice,~~ Sloan may file a motion seeking relief from the  
automatic stay to enforce its remedies. <sup>and shall be entitled to a hearing after</sup>  
<sup>three (3) business days notice to the Noticed Parties.</sup>

Exhibit ~~B~~ A  
Page ~~18~~ 18